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Major News Releases and Speeches

February 20-February 27, 1981

Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John Block, before Land O'Lakes, Minneapolis, Minnesota, February 25, 1981

In the two months since President Reagan asked me to be his Secretary of Agriculture I've been getting a lot of advice, much of which has taken the form of dire warnings.

I've been warned especially often about how easy it is to get caught up in the rigors and rituals of policymaking. Some people tell me that if I'm not careful, I will forget about what it's like to be an Illinois farmer.

I'd be less than human if I didn't feel some excitement at being part of President Reagan's Cabinet. And I'd be lying if I didn't admit to you how much I'm enjoying myself.

But first, last, and foremost, I am a farmer. It's in my blood. That's why I'm always glad to come back to farm country--if not to my own place in Knox County, Illinois, then certainly to a great agricultural state like Minnesota.

Here at Land O'Lakes, there is ample evidence of the diversity of Minnesota agriculture, and of the nation's agriculture. There is equal evidence of how much the cooperative concept has contributed to American agriculture's greatness.

What is terrific about the cooperative system is that it enables farmers to draw on a wide range of skills and expertise and services, yet still make their own production and marketing decisions.

The management of a co-op like Land O'Lakes doesn't make decisions for the members. But management does work to create a climate within which the members can make decisions which will insure them a reasonable profit.

That is exactly what we in the Department of Agriculture want to do.

Many farmers would argue that no such climate exists right now. These farmers have been plagued by record-high interest rates, skyrocketing production costs, burdensome regulations, and lower

profits--at times, losses. These are just some of the ways that inflation has sapped the economic vitality of American agriculture, and the economic vitality of the whole nation.

This administration believes that inflation began with government policy, and that the effort to curb inflation also must begin with government policy. That is why President Reagan has decided to cut or reduce many Federal programs.

While the President is not advocating cutting or reducing dairy price supports, he is asking Congress to suspend the April 1 increase and maintain dairy price supports at the present \$13.10 per hundredweight level.

I believe maintaining the dairy supports at the present level is reasonable, sound, and in the best interest of dairymen.

I can stand here today, in good conscience, and tell this nation's 335,000 dairy farmers that the suspension of the April 1 boost of 7 percent per gallon until October 1, 1981, will reduce government costs by \$147 million in the current fiscal year. This will help combat inflation. Further, it is a beginning in our effort to get the price support program under control. If we don't, the whole dairy price support program may be threatened because of high costs.

I am not here to tell you that dairymen don't deserve to have more money for their milk. Dairy farm equipment is high-priced. Energy costs are high and the health requirements to handle a product as perishable as milk are rigorous in nature, and expensive to meet.

However, I can't tell 228 million Americans that it makes sense for taxpayers to put nearly \$2 billion a year in a program that creates surplus dairy commodities in warehouses.

Nor can I tell you that there is a future in a program that accumulates 11 billion pounds of surplus product to hang over the market. You as leaders of the dairy industry know that. You know that dairymen can't continue to produce for a market that isn't there. No economic principle supports that, and no farm organization in the nation embraces the concept of production for government warehouses.

Some of you may be saying:

"Why me? Why must I be the one on the front line in this battle against inflation?"

You are probably saying to yourselves:

"Wait until others have made a sacrifice, then we will make one."

If you don't sense that this is a time for leadership and rise to the challenge of curbing inflation and balancing the budget, no one will take the first step.

I am here today to ask you to support the administration in its first legislative attempt to fight inflation, balance the budget and improve the economy.

If you rise to the challenge and fight this first battle against inflation, you can then say to the rest of the country:

"We were the first to take a stand against inflation; now you take yours."

One of the current issues that the department must resolve is whether a hearing should be held on the proposal for reconstituted milk. Considerable work has been done on analyzing the probable impact of the proposal on dairy farmers and consumers.

The impact analysis clearly shows that enactment of the proposal would have a substantial adverse impact on dairy farmers, and might jeopardize the dairy classification and pricing system. Consequently, there must be strong and compelling reasons to change this system.

I am advised that the legality of the issue of reconstituted milk is now before the court. Before reaching a final decision on the hearing question, we must carefully review the comments that have come in regarding the department's impact analysis. We have started to do that. We understand the deep concern that dairy farmers have about the proposal. We will be making a decision on this within a month.

So in the spirit that is the essence of the cooperative concept, I look forward to working with you. I want to hear your ideas; I want to expand the dialogue that already is working between USDA and the nation's co-ops.

Together, we can begin the task of controlling inflation in order to bring prosperity back to all Americans, including American farmers. We can begin to realize the hopes and dreams upon which this country was based more than two hundred years ago, and which remain today.

Among other tough issues we are working on are the importation of casein, the sell-back provision of CCC dairy stocks, and the allowance for processing costs.

I hope we will be able to come up with decisions on all of these which will be favorable to your interests.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

BLOCK AUTHORIZES FURTHER PROCESSING OF LAST 8 ALCOHOL FUELS PROJECTS

WASHINGTON, Feb. 20--Secretary of Agriculture John R. Block today authorized the Farmers Home Administration to proceed with further processing of the remaining eight of the 29 business and industry alcohol fuels projects which had been halted Jan. 27.

Block said his concern has been resolved and his directive not to proceed with these types of loans is now rescinded.

The eight projects returned to the states by today's action are:

GEORGIA:	Southeast Energy Group, Ltd., St. Marys
IDAHO:	Poweer Alcohol-Idaho, Rexburg
ILLINOIS:	Ethanol Motor Fuel Associates, Waterman
IOWA:	Agrifuel Corporation, Estherville
LOUISIANA:	Goodwill Agri-Fuels, Inc., Oak Grove
MINNESOTA:	Agri-Energy, Inc., Crookston
NORTH CAROLINA:	Continental Alcohol Fuels, Selma
TENNESSEE:	Tiger Tail Distillery, Dyersburg

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PUREBRED CATTLE TO BE APPRAISED FOR BRUCELLOSIS INDEMNITY

WASHINGTON, Feb. 23--Effective March 2, indemnity payments for purebred cattle slaughtered because of brucellosis will be based on individual appraisals rather than a standard rate, a U.S. Department of Agriculture veterinarian said today.

The new procedure will affect purebred cattle only, according to Paul Becton, director of the national brucellosis eradication program for USDA's Animal and Plant Health Inspection Service. Brucellosis indemnities were last revised June 27, 1980, to reflect the changing market value of replacement animals.

Becton said the new procedure will be reviewed April 24, at the close of the public comment period.

Becton said the old rates for purbred were found to be excessive. Since that time, about 30 percent of available indemnity funds have gone to pay for purebred cattle, although they accounted for only about 4 percent of all brucellosis reactors.

"This obvious disparity had to be corrected," said Becton. "We were paying rates that were equitable for top quality purebreds. But many purebreds turning up as brucellosis reactors were not top quality."

Brucellosis, also called Bang's disease, is an easily spread bacterial disease of cattle, swine and other animals that may be transmitted from animals to human beings. Though greatly reduced, the disease still costs U.S. cattle owners about \$45 million annually in reduced calf crops and lower milk yields brought on by abortions, weak calves and slow breeding, Becton said.

The revised indemnity rates for nonregistered cattle, also announced June 27, will remain in effect. These rates are reviewed quarterly and revised as necessary to make sure they reflect current average replacement values.

The indemnity change for purebred cattle will be published in the Feb. 23 Federal Register. Comments should be sent to the deputy administrator, USDA APHIS Veterinary Services, Federal Bldg., room 805, Hyattsville, Md., 20782.

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A PROTEIN MAY HELP DETECT DISEASE EARLY

WASHINGTON, Feb. 23--Research is currently underway to determine whether a protein found in cow's milk and human body fluids can be used as a marker for early detection of disease.

The protein, beta-2-microglobulin, identified by U.S. Department of Agriculture scientists in cow's milk, is being examined by researchers at Rockefeller University in New York to determine what possible role the protein plays in the human immune system.

At the same time, researchers at USDA's Beltsville Agricultural Research Center in Maryland are studying the protein to determine

whether the presence of elevated amounts of beta-2-microglobulin in the milk or body fluid of cows is an early warning signal of disease.

Anson R. Bertrand, USDA director of science and education, said the researchers are in the first stages of the project, trying to develop specific antibodies that will lock into the beta-2-microglobulin and measure its level in cow's milk.

Bertrand said these research efforts stem from what began as a basic research project 17 years ago to study the fundamental properties and components of milk. That groundwork now appears to be leading to new methods of detecting certain diseases and a better understanding of how animals and humans fight disease.

In 1963, M. L. Groves, a dairy research scientist, and his colleagues, at USDA's Eastern Regional Research Center in Philadelphia, discovered a new protein in cow's milk. Named lactollin, meaning a proteinaceous substance derived from milk, it was isolated in a very pure form, crystallized and characterized in terms of composition.

Although samples were made available to scientists who wished to conduct experiments with this new protein, no new information concerning lactollin, it turned out, would be forthcoming for many years.

"A discovery had been made but its relevance had not been realized or appreciated," said Groves.

In 1968, two scientists from the Institute of Medical Chemistry in Sweden discovered a protein in the urine of cadmium-poisoned people. This protein, which they named beta-2-microglobulin, has received a great deal of attention by medical research scientists because of its relationship to immunoglobulins and its association with other cell surface proteins involved in the human body's defenses against disease.

Immunoglobulins are antibodies which offer protection against viruses and bacterial pathogens. Beta-2-microglobulin is a protein complexed with certain cell surface proteins suggest an important role in the body's disease defense mechanism.

Scientists do know that beta-2-microglobulin is present in elevated amounts in mammals suffering from certain diseases. For example, in the urine of mammals with kidney damage, it is secreted at levels 1,000 times normal.

Studies on beta-2-microglobulin isolated from several mammalian species were reported in 1976. After reading those studies it became apparent to Groves that the composition of beta-2-microglobulin resembled the protein lactollin, which he had discovered 13 years earlier.

Further research in collaboration with Rae Greenberg, another USDA scientists, established that lactollin was the bovine form of beta-2-microglobulin. This discovery has led to a readily available supply of beta-2-microglobulin which can be easily crystallized for further examination. Bovine beta-2-microglobulin is the only type that can be crystallized.

Researchers at Rockefeller University are conducting x-ray crystallographic studies on the bovine beta-2-microglobulin to develop a three-dimensional picture of the substance. This three-dimensional view should provide scientists with more information on the actual function of the protein.

At the same time, Groves and Greenberg are determining the sequence of amino acids which make up the protein, to allow for more detailed interpretation of the x-ray data.

The researchers hope that one day they can answer such basic questions as what role beta-2-microglobulin plays in the body's immune system and how certain cell surface proteins recognize foreign substances in the body, leading to a series of events which ultimately destroy the invaders. When they do, they will be cashing in on an investment in basic research made many years ago.

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SOIL AND WATER RESOURCES MAY BECOME FUTURE CRISIS ISSUES

MADISON, Wis., Feb. 25--Soil and water resources may surpass energy as crisis issues before the end of the century, Anson R. Bertrand, U.S. Department of Agriculture director of science and education, said here today.

Speaking at a national conference on soil and water resources, Bertrand described some of the research goals that must be met to fill

food and fiber production needs while maintaining the quality of the land.

"We are losing our prime farm land at an alarming rate," he warned. Every day in the United States four square miles of farm land are shifted to uses other than agriculture." Intensifying efforts to develop domestic energy resources are already beginning to have unintended repercussions on the country's agricultural land base, he said.

There are two options for meeting food and fiber demands, according to Bertrand.

The first option, he said, is to bring more acres of land into production. The price for this path continues to increase as marginal lands brought into production further deplete dwindling water supplies, increase erosion, contaminate existing water supplies and increase the energy required to manage these lands.

The alternative is to develop technology leading to increased productivity on the existing land resource base. This calls for managing the land to check severe soil erosion and depleting of water supplies.

"Much of our research in the past has focused on developing ways to maintain yields in spite of erosion," Bertrand said. "We have largely ignored the long-term effects of soil erosion on crop productivity and the environmental consequences of soil loss. These are things we must now consider.

"Failure to control soil erosion on U.S. farms and ranches could double the cost of producing food and fiber over the next 50 years, without regard to inflation or other factors," he said.

In addition to the serious effects of soil erosion, Bertrand warned of water shortages that many parts of the nation will face unless new techniques for management and use of water resources are developed and put into practice.

Irrigated acreage in the United States has almost tripled in the last three decades, now consuming more than 80 percent of the water used in the nation. About 40 percent of the irrigation water comes from ground water, which in many areas is being used faster than it is being recharged.

Bertrand described some USDA projects seeking long-range solutions to these problems. Scientists at a national soil erosion laboratory, built on land provided by Purdue University in Indiana, will

concentrate on all aspects of soil erosion, its impacts and control.

USDA's Science and Education Administration is planning a moisture conservation-plant street laboratory in the Southern Great Plains, where scientists will deal with water resources-land management problems. Planning for this laboratory, the only one of its kind in the world, involved scientists from Australia, Israel and Mexico as well as the United States.

Other USDA research areas include work on water harvesting to enable more effective and efficient use of water supplies; non-profit pollution; finding a workable system for modified dryland agriculture to make the best use of available moisture; weed and insect control for minimum tillage; use of crop residues; effective use of sewage sludge and industrial waste; better understanding of plant nutrients and their basic relationships in soil and water resources.

Bertrand stressed the importance of interaction between scientists, extension specialists, farmers and other users of research findings in putting new techniques to work.

There are no quick and easy answers, he warned, and long-term commitments are need for conservation research. But each dollar invested in agricultural research returns as much as \$30 to \$40. No other public investment has ever paid off so handsomely over so long a period of time, he said.

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RICHARD E. LYNG SWORN IN AS DEPUTY SECRETARY OF AGRICULTURE

WASHINGTON, Feb. 25--Richard E. Lyng was sworn in today as deputy secretary of agriculture by Secretary of Agriculture John R. Block.

Lyng was appointed to the position by President Ronald Reagan Jan. 24, and confirmed by the U.S. Senate earlier today.

Lyng had been a food and agriculture consultant since December 1979. He was the transition team leader for the U.S. Department of Agriculture from Nov. 12, 1980, until his appointment.

Lyng was born June 29, 1918, in San Francisco, Calif. He graduated cum laude from the University of Notre Dame, in 1940, and until 1942, was a fieldman for the Ed. J. Lyng Company, Inc., Modesto, Calif., a family seed and bean production and processing company. He spent 30 months in the South Pacific with the U.S. Army during World War II.

From 1945 to 1967 he was president of the Ed. J. Lyng Company, Inc. He was deputy director and director of the California State Department of Agriculture in Sacramento from 1967 to 1969.

In 1969, he came to Washington, D.C., to become assistant secretary of agriculture for marketing and consumer activities. From 1973 to 1979, he was president of the American Meat Institute.

Lyng is a member of the agriculture committee, Chamber of Commerce of the U.S., and was a member of the animal health committee, National Academy of Sciences from 1976 to 1980.

He was director of Tri-Valley Growers, San Francisco, Calif., from 1975 until January 1981; Chicago Mercantile Exchange, 1975 to 1979; Refrigeration Research Foundation, 1974-1979; and the Agribusiness Advisory Board, University of Santa Clara, 1974 to 1979.

Lyng received the animal agriculture award from the American Meat Institute in 1979; and was made an honorary national member of Alpha Zeta honorary fraternity in 1974 and a member of Rotary International, Modesto Club in 1967.

Lyng is married to Bethyl Ball. They have two daughters.

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USDA TASK FORCE TO STUDY QUESTION OF GRAIN OWNERSHIP IN BANKRUPT ELEVATORS

WASHINGTON, Feb. 26--Secretary of Agriculture John Block today appointed a U.S. Department of Agriculture task force to review current grain warehouse laws and regulations and to recommend possible changes to safeguard the interests of both farmers and the government when a commercial grain elevator goes bankrupt.

This issue recently surfaced in New Madrid, Mo., where a group of farmers removed soybeans from a bankrupt elevator after delays were

encountered in obtaining the crop through the judicial process.

Block said, "Farmers rely on the sale of crops from the previous year to pay for present operations. If farmers cannot obtain their crops from the warehouse where they placed them, they may incur losses due to their inability to continue operations. A way must be found to reduce or eliminate the loss potential."

The task force will be chaired by the acting administrator of USDA's Agricultural Stabilization and Conservation Service. It will include the executive assistant to the secretary and representatives from agencies reporting to the under secretary for international affairs and commodity programs, the acting assistant secretary for marketing and transportation services and the director of economics, policy analysis and budget.

The task force will seek the views of farm groups and the warehouse and grain trade industries to get comments from all interested parties, Block said. It will begin its work in early March.

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